Kentucky Association of
Counties Leasing Trust
and Subsidiary

Consolidated Financial Statements
and
Supplementary Information

Years Ended June 30, 2016 and 2015

Kentucky Association of Counties Leasing Trust and Subsidiary

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Years Ended June 30, 2016 and 2015

CPAs & ADVISORS

Independent Auditor's Report

To the Board of Trustees
Kentucky Association of Counties Leasing Trust and Subsidiary

We have audited the accompanying consolidated financial statements of Kentucky Association of Counties Leasing Trust (a County Interlocal Cooperation Agreement Trust) ("the Trust") and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Commonwealth Insurance Company, Inc., a wholly owned subsidiary, which statements reflect total assets of $6,879,842 and $6,065,843 as of June 30, 2016 and 2015, respectively, and total revenues of $1,280,102 and $1,140,359 for the years ended June 30, 2016 and 2015, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Commonwealth Insurance Company, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust and Subsidiary as of June 30, 2016 and 2015, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position for June 30, 2016 and 2015, the consolidating statements of activities and changes in net assets for the years ended June 30, 2016 and 2015, and the consolidating statements of cash flows for the years ended June 30, 2016 and 2015, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to Commonwealth Insurance Company, Inc., is based on the report of other auditors, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mountjoy Chilton Medley LLP

Louisville, Kentucky
November 28, 2016

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 2,820,968	$ 1,311,602
Trust Estate Investments		
Cash and cash equivalents	160,937	198,064
Investment contracts	10,185,599	10,128,179
U.S. government money market funds	898,030	2,265,585
Program escrow fund	1,141,626	1,348,217
Leases receivable	132,392,885	145,290,752
Leases receivable - unrealized appreciation in fair value	21,276,659	16,932,634
Other receivables	99,591	88,688
Due from affiliate	101,063	109,320
Notes receivable, net	2,157,155	1,602,786
Other investments	8,727,928	10,816,339
Accrued interest receivable	68,900	135,975
Other assets	26,142	56,117
Costs of debt issuance, net of accumulated amortization of $2,262,394 and $2,262,394	634,690	634,690
Total Assets	$ 180,692,173	$ 190,918,948
Liabilities and Net Assets		
Liabilities		
Accrued interest payable	$ 342,875	$ 317,334
Interest rate exchanges	21,276,659	16,932,634
Other accrued expenses	1,480,551	1,875,757
Deferred income taxes	72,000	-
Bonds payable	142,916,490	157,164,033
Total Liabilities	166,088,575	176,289,758
Commitments and Contingencies		
Net Assets, Unrestricted/Retained Earnings	14,603,598	14,629,190
Total Liabilities and Net Assets	$ 180,692,173	$ 190,918,948

See accompanying notes.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

	2016	2015
Revenues		
Investment income	$ 890,568	$ 951,669
Income from leases receivable	6,526,819	7,090,564
Premium income	950,000	950,000
Credit, administrative and fiduciary fees	424,983	327,159
Miscellaneous income	1,752	4,855
Net realized and unrealized gains on other investments	18,564	20,426
Total Revenues	8,812,686	9,344,673
Expenses		
Interest	6,005,059	6,512,418
Amortization of deferred financing costs	-	232,938
Administrative and other fees	2,045,810	2,088,366
Remarketing fees	-	3,300
Legal fees	138,970	200,862
Trustee fees	129,851	89,340
Lease rebates	371,702	749,504
Miscellaneous expense	2,559	3,969
Claims expense	35,303	400,293
Provision for income taxes	109,024	55,536
Total Expenses	8,838,278	10,336,526
Changes in Net Assets	(25,592)	(991,853)
Net Assets at Beginning of Year	14,629,190	15,621,043
Net Assets at End of Year	$ 14,603,598	$ 14,629,190

See accompanying notes.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Changes in Net Assets	$ (25,592)	$ (991,853)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Amortization of debt issuance costs	-	232,938
Net realized and unrealized gains on other investments	(18,564)	(20,426)
Changes in:		
Other receivables	(10,903)	166,786
Receivable from affiliate, net	8,257	(28,371)
Accrued interest receivable	67,075	76
Other assets	29,975	(36,328)
Accrued interest payable	25,541	9,024
Other accrued expenses	(395,206)	(1,420,974)
Deferred income taxes	72,000	-
Net Cash Used in Operating Activities	(247,417)	(2,089,128)
Cash Flows from Investing Activities		
Net proceeds from trust estate investments	1,553,853	1,292,209
Lease repayments	12,897,867	18,217,901
Net proceeds from other investments	2,106,975	1,008,436
Principal repayments on notes receivable	2,487,375	300,737
Issuance of notes receivable	(3,041,744)	(1,669,898)
Net Cash Provided by Investing Activities	16,004,326	19,149,385
Cash Flows from Financing Activities		
Payments on bonds	(14,247,543)	(18,764,965)
Net Cash Used in Financing Activities	(14,247,543)	(18,764,965)
Increase (Decrease) in Cash and Cash Equivalents	1,509,366	(1,704,708)
Cash and Cash Equivalents at Beginning of Year	1,311,602	3,016,310
Cash and Cash Equivalents at End of Year	$ 2,820,968	$ 1,311,602
Supplemental Disclosure:		
Cash paid for interest	$ 5,979,518	$ 6,503,394
Non-cash investing and financing activities:		
Change in fair value of lease receivables and related interest rate exchanges	4,344,025	979,355

See accompanying notes.

Note A - Nature of Organization and Operations

1. General: The Kentucky Association of Counties Leasing Trust ("the Leasing Trust") is a County Interlocal Cooperation Agreement Trust sponsored by the Kentucky Association of Counties ("KACo"), an association comprised of 120 Kentucky counties. KACo's purpose is to assist Kentucky county governments and special districts in fulfilling certain obligations to their constituencies. Each Kentucky county is eligible for membership in KACo. KACo's Board of Directors is made up of elected officials. The Leasing Trust was organized on November 9, 1988 to make funds available for capital improvement projects and equipment purchases by Kentucky county governments and special districts. Any public agency is eligible to participate in the Leasing Trust.

   During the fiscal year ended June 30, 2006, the Leasing Trust formed a wholly-owned subsidiary Commonwealth Insurance Company, Inc. ("the Subsidiary"), a Kentucky domiciled captive insurance company. The Subsidiary provides county bond insurance to members of KACo.

   The accompanying consolidated financial statements include the accounts of the Kentucky Association of Counties Leasing Trust and Subsidiary. All significant intercompany accounts and transactions have been eliminated. They are collectively referred to as "CoLT".

   CoLT is controlled by a Board of Trustees whose members are appointed by the Board of Directors of KACo. Management is of the opinion that both KACo and CoLT are limited to transactions that would be legal for one or more Kentucky counties.

2. The Trust Estates: CoLT maintains ten separate trust estates ("the Trusts" or "the Trust Estates") to provide funds for CoLT's business purposes as specified in the trust indenture agreements. The trust agreements also provide for financing by contributions from participating members, if necessary. The bonds are formally issued as Money Market Municipal Multi-County Lease Revenue Bonds.

   The funds can be summarized as follows:

Series	Date of Issuance	Sponsor	Issuance Amount
1989 Series	March 1989	Pendleton County	$ 200,000,000
1993 Series	March 1993	Pendleton County	100,000,000
1999 Series	December 1999	Breckinridge County	50,000,000
2001 Series	February 2001	Breckinridge County	50,000,000
2002 Series	January 2002	Breckinridge County	100,000,000
2004 Series	September 2004	Shelby County	100,000,000
2007 Series	April 2007	Christian County	50,000,000
2007B Series	August 2007	Christian County	70,000,000
2008 Series	June 2008	Christian County	30,000,000
2008 A2 Series	December 2008	Trimble County	75,000,000

Note A - Nature of Organization and Operations (Continued)

3. Basis of Presentation: The accompanying consolidated financial statements present the combined financial position, activities and changes in net assets and cash flows for the 1989, 1993, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 Trust Estates, the Subsidiary, and Program Administration. Common costs are paid from discretionary funds provided by the Trust Estates as follows:

	2016	2015
1989 Series	$ -	$ 11,138
1993 Series	-	-
1999 Series	8,229	8,923
2001 Series	18,710	22,189
2002 Series	60,348	75,953
2004 Series	95,219	124,664
2007 Series	52,796	58,931
2007B Series	110,508	115,519
2008 Series	26,721	44,540
2008 A2 Series	114,430	154,005
	$ 486,961	$ 615,862

The consolidated financial statements of CoLT have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

Under the ASC, CoLT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no donor-imposed restrictions on the net assets of CoLT, and thus the net assets of CoLT are considered "unrestricted" as defined by the ASC.

4. Distributions on Termination: Upon ultimate termination of the Trusts (no later than March 1, 2019 for the 1989 and 1993 Trusts, no later than December 1, 2029 for the 1999 Trust Estate, no later than March 1, 2031 for the 2001 Trust Estate, no later than February 1, 2032 for the 2002 Trust Estate, no later than September 1, 2034 for the 2004 Trust Estate, no later than April 1, 2037 for the 2007 Trust Estate, no later than August 1, 2037 for the 2007B Trust Estate, no later than June 1, 2038 for the 2008 Trust Estate, and no later than December 1, 2038 for the 2008 A2 Trust Estate), any assets remaining after satisfaction of all liabilities will be returned to participating county governments and special districts on a pro rata basis.

Note B - Contractual Agreements

1. Administrative Services: During fiscal year 2016, KACo provided administrative and management services to CoLT pursuant to contracts that became effective on July 1, 2015 and expired June 30, 2016. The agreements can be renewed or extended upon mutual agreement of the parties. These services include management, marketing, and administrative services necessary for the orderly and proper administration of CoLT. KACo bills CoLT quarterly for the cost of providing these services. These contracts were renewed for one year effective July 1, 2016.

   During fiscal year 2015, KACo provided administrative and management services to CoLT pursuant to contracts that became effective on July 1, 2014 and expired June 30, 2015.

   The costs for administrative and management services are a component of administrative and other fees in the accompanying consolidated statements of activities and changes in net assets.

2. Trustee Arrangements:

   1989 Trust Indenture - Under the terms of a trust indenture dated March 1989, Bank of New York Mellon acts as trustee for the 1989 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, conducts other transactions as directed by CoLT, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for the trustee's services, CoLT pays an annual trust administration fee based on the number of leases outstanding, up to $50,000 per year, a paying agent fee of $2 per check, and an annual investment fee equal to .25% of the market value of investments payable on each anniversary date.

   1993 Trust Indenture - Under terms of a separate trust indenture dated February 1993, Bank of New York Mellon acts as trustee, paying agent and registrar for the 1993 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 1993 Trust Estate to pay interest and principal as it becomes due on the 1993 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $15,000, plus other fees based on services provided.

   1999 Trust Indenture - Under terms of a separate trust indenture dated December 1999, US Bank, acts as trustee, paying agent and registrar for the 1999 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 1999 Trust Estate to pay interest and principal as it becomes due on the 1999 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus other fees based on services provided.

   2001 Trust Indenture - Under terms of a separate trust indenture dated February 2001, US Bank, acts as trustee, paying agent and registrar for the 2001 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2001 Trust Estate to pay interest and principal as it becomes due on the 2001 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus .25% on funds invested in government money market funds and other fees based on services provided.

Note B - Contractual Agreements (Continued)

2. Trustee Arrangements (Continued):

2002 Trust Indenture - Under terms of a separate trust indenture dated January 2002, US Bank, acts as trustee, paying agent and registrar for the 2002 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2002 Trust Estate to pay interest and principal as it becomes due on the 2002 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus $200 per lease outstanding.

2004 Trust Indenture - Under terms of a separate trust indenture dated September 2004, US Bank, acts as trustee, paying agent and registrar for the 2004 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2004 Trust Estate to pay interest and principal as it becomes due on the 2004 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2007 Trust Indenture - Under terms of a separate trust indenture dated April 2007, US Bank, acts as trustee, paying agent and registrar for the 2007 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2007 Trust Estate to pay interest and principal as it becomes due on the 2007 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2007B Trust Indenture - Under terms of a separate trust indenture dated August 2007, US Bank, acts as trustee, paying agent and registrar for the 2007B Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2007B Trust Estate to pay interest and principal as it becomes due on the 2007B Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2008 Trust Indenture - Under terms of a separate trust indenture dated June 2008, US Bank, acts as trustee, paying agent and registrar for the 2008 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2008 Trust Estate to pay interest and principal as it becomes due on the 2008 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2008 A2 Trust Indenture - Under terms of a separate trust indenture dated December 2008, US Bank, acts as trustee, paying agent and registrar for the 2008 A2 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2008 A2 Trust Estate to pay interest and principal as it becomes due on the 2008 A2 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

Note B - Contractual Agreements (Continued)

3. Financial Computation Services: Lawrenson Services, Inc. ("LSI") performs certain financial computations pertaining to lease terms and payments. Fees paid to LSI are included in administrative fees in the accompanying consolidated statements of activities and changes in net assets.

Note C - Summary of Significant Accounting Policies

1. Trust Estate Investments: Investment contracts included in the Trust Estates are held for long-term investment purposes and are stated at cost and adjusted for accretion of discounts computed on the interest yield method over the estimated lives of the investments. At June 30, 2016 and 2015, investment contracts with the 1993 Trust Estate had net remaining discounts of approximately $52,000 and $73,000, respectively.

   The ASC requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the financial statements of not-for-profit organizations. Accordingly, CoLT's investments are stated at fair value.

2. Program Escrow Fund: During 2014, CoLT and US Bank entered into an escrow deposit agreement establishing a program escrow fund. This fund is maintained by US Bank (escrow agent) and is pledged as security for the bond obligations of the 1999 through 2008A2 trust estates as provided by the trust indentures. As of June 30, 2016 and 2015, $1,141,626 and $1,348,217, respectively, exists in the fund and is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations. The balance of this fund is recorded in trust estate investments in the accompanying consolidated statements of financial position.

3. Interest Rate Exchange Agreements: The Trust accounts for interest rate exchange agreements in accordance with the ASC. The ASC establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the statement of financial position as either an asset or liability measured at its fair value.

   CoLT utilizes interest rate swaps to provide fixed rate leases out of its Trust Estates (excluding the 1993 Trust Estate) without bearing interest rate risk. Under the terms of the agreements, CoLT pays to the swap counterparty the agreed to fixed rate and receives interest based upon an agreed to variable indexed rate (see below). These interest rate swap agreements have been designated by CoLT as fair value hedges of the underlying changes in the fair value of the leases receivable. The terms of the swap agreement are established to exactly match those of the underlying lease instruments (including notional amounts, payment dates, variable interest rates, etc.). Net payments made (received) under the swap agreements (settlements) are included as a component of interest expense (income). Changes in the fair value of the swap instruments, as well as changes in the fair value of the underlying lease instruments, are included as components of interest income, net. The following outlines the swap agreements in place as of June 30, 2016 and 2015.

   1999 Trust Estate

   As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with Merrill Lynch in December 1999, of $2,918,000 on which CoLT pays fixed rates ranging from 6.07% to 6.17%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $156,000 and $171,000, respectively, under this agreement.

Note C - Summary of Significant Accounting Policies (Continued)

3. Interest Rate Exchange Agreements (Continued):

2001 Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in February 2001, of $5,024,848 on which CoLT pays fixed rates ranging from 4.38% to 5.62%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $263,000 and $310,800, respectively, under this agreement.

2002 Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with Chase in June 2002, of $3,389,468 on which CoLT pays fixed rates ranging from 3.82% to 4.65%, and receives a variable rate tied to the One Day Municipal Paper Market rates. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $145,000 and $256,900, respectively, under this agreement.

2004 Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in September 2004 of $18,205,921 on which CoLT pays fixed rates ranging from 3.70% to 4.94%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $739,000 and $831,700, respectively, under this agreement.

2007 Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in May 2007 of $17,220,899 on which CoLT pays fixed rates ranging from 3.20% to 5.46%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $690,800 and $747,000, respectively, under this agreement.

2007B Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in August 2007 of $26,585,759 on which CoLT pays fixed rates ranging from 3.49% to 5.28%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $988,900 and $1,040,900, respectively, under this agreement.

2008 Trust Estate

As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in August 2008 of $6,854,230 on which CoLT pays fixed rates ranging from 3.69% and 4.51%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $253,400 and $264,900, respectively, under this agreement.

Note C - Summary of Significant Accounting Policies (Continued)

3. Interest Rate Exchange Agreements (Continued):

   2008 A2 Trust Estate

   As of June 30, 2016, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in December 2008 of $27,042,000 on which CoLT pays fixed rates ranging from 4.10% to 4.39%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2016 and 2015, CoLT made settlement payments of approximately $886,900 and $947,900, respectively, under this agreement.

   CoLT is exposed to credit losses in the event of non-performance by the counterparties to such interest rate exchange agreements. CoLT anticipates, however, that counterparties will be able to satisfy any obligations under the agreements. CoLT does not obtain collateral or other security to support such derivative financial instruments subject to credit risk, but the trustees monitor the credit standing of the counterparties.

4. Cash and Cash Equivalents: CoLT considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. CoLT typically maintains cash on deposit at banks in excess of federally insured limits. Accordingly, at various times during the years ended June 30, 2016 and 2015, balances were uninsured and uncollateralized.

5. Other Assets: Costs of the 1993, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 debt issuances have been capitalized. Costs of issuance are being amortized to interest expense on the effective interest method over the life of the bonds.

6. Use of Estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

7. Subsequent Events: Subsequent events for CoLT have been considered through the date of the Independent Auditor's Report, which represents the date which the consolidated financial statements were available to be issued.

8. Recent Accounting Pronouncements: In April 2015, the FASB issued Accounting Standards Update No. 2015-03 (ASU 2015-03), "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs". The core principle of the guidance is to simplify the presentation of debt issuance costs. Debt issuance costs will be presented in the statement of financial position as a direct reduction from the carrying amount of that debt liability. This standard is effective for annual reporting periods beginning after December 15, 2015. The Organization is currently evaluating this guidance and its related impact on its consolidated financial statements.

   In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditor and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment return, 3) expenses, 4) liquidity and availability of resources, and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. The Organization is currently evaluating this guidance and its related impact on the Organization's consolidated financial statements.

Note D - 1989 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $8,631 and $4,291, respectively, of the 1989 Trust Estate is invested in securities of JP Morgan U.S. Treasury Securities Money Market Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

2. Cash and Cash Equivalents: As of June 30, 2016 and 2015, $160,937 and $152,482, respectively, of the 1989 Trust Estate is invested in cash and cash equivalents.

Note E - 1993 Trust Estate Investments

1. Assured Return Management Corporation Contract: In connection with the issuance of the 1993 Series A Bonds, CoLT signed an agreement with Assured Return Management Corporation ("ARMC", an affiliate of Lehman Government Securities, Inc.) dated September 1, 1995, to invest $90 million. In July 2005, CoLT redeemed the $90 Million ARMC Contract with the proceeds of the redemption paying down the 1993 bonds (see Note Q).

2. TransAmerica Contracts: The Debt Service Reserve Fund is invested in a guaranteed investment contract ("GIC") with TransAmerica. This GIC was purchased at a discounted price of $8,775,000 on March 10, 1993, has a par value of $10,000,000, bears an interest rate of 6.4% payable semiannually, and has a March 1, 2019 maturity date. Funds may, however, be withdrawn to cure payment defaults under eligible leases or loans or if TransAmerica's S&P credit rating falls below a credit rating of "AA-", unless TransAmerica takes certain actions specified in the contract which would generally secure or guarantee the contract value. At June 30, 2016 and 2015, respectively, the balance in this investment contract is $10,106,898 and $10,039,514, which is net of any unaccreted discounts.

3. LaSalle National Bank: All of the Expense Fund as of June 30, 2016 and 2015, $78,701 and $88,665, respectively (which includes accrued interest), is invested in a guaranteed investment contract with LaSalle National Bank bearing interest at 5.18%, payable annually, with a maturity date of February 1, 2018. The trustee may withdraw funds periodically to pay certain administrative and fiduciary fees as outlined in the trust indenture.

4. Money Market Funds: As of June 30, 2016 and 2015, $7,228 and $-0-, respectively, of the 1993 Trust Estate is invested in the Blackrock U.S. Treasury Money Market Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note F - 1999 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $14,792 and $16,052, respectively, of the 1999 Trust Estate is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note G - 2001 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $19,660 and $7,996, respectively, of the 2001 Trust Estate is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note H - 2002 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $85,350 and $146,775, respectively, of the 2002 Trust Estate is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note I - 2004 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $297,140 and $286,847, respectively of the 2004 Trust Estate is invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

2. Cash and Cash Equivalents: As of June 30, 2016 and 2015, $-0- and $30,810, respectively, of the 2004 Trust Estate is invested in cash and cash equivalents.

Note J - 2007 Trust Estate Investments

1. Money-Market Funds: As of June 30, 2016 and 2015, $46,055 and $75,597, respectively of the 2007 Trust Estate is invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

2. Cash and Cash Equivalents: As of June 30, 2016 and 2015, $-0- and $14,772, respectively, of the 2007 Trust Estate is invested in cash and cash equivalents.

Note K - 2007B Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $119,052 and $90,888, respectively of the 2007B Trust Estate is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note L - 2008 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $202,925 and $1,559,865, respectively of the 2008 Trust Estate is invested in securities of the First American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note M - 2008 A2 Trust Estate Investments

1. Money Market Funds: As of June 30, 2016 and 2015, $97,197 and $77,274, respectively of the 2008 A2 Trust Estate is invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note N - Leases Receivable

As noted in Note A, CoLT was organized to make funds available for capital improvement projects and equipment purchases by Kentucky county governments and special districts. The future minimum lease payments receivable under these leases as of June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	$ 10,420,631
2018	9,729,635
2019	9,583,728
2020	9,381,052
2021	8,985,624
Thereafter	84,292,215
	$ 132,392,885

Interest income on leases is recognized using the effective interest method.

Generally lease payments are subject to annual appropriation. Counties, however, have historically not defaulted or withdrawn from lease agreements. Management believes certain processes and precedents are in place in state government to provide reasonable assurance that the leases will be honored by the counties as non-cancelable lease agreements. Some of the leases are secured by a general obligation pledge.

Note O - Notes Receivable

Notes receivable consist of funds loaned to Kentucky county governments for capital improvement projects and equipment purchases from Program Administration. These notes include interest rates ranging from 3.25% to 3.75%. The future minimum payments receivable under these notes as of June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	$ 963,802
2018	935,589
2019	129,666
2020	88,405
2021	39,693
	$ 2,157,155

Note P - Other Investments

These funds principally represent accumulated amounts transferred to Program Administration and amounts held by the Subsidiary.

As of June 30, 2016 and 2015, other investments included investments stated at fair value, as follows:

	2016	2015
Money Market Funds	$ 85,414	$ 40,100
Common Stock	2,606,496	2,549,818
Mutual Funds	1,127,387	3,630,686
Mortgage-backed Securities	2,386,687	2,471,552
Corporate Bonds	1,981,970	1,374,917
Municipal Bonds	500,000	749,266
US Government Agency Bonds	39,974	-
	$ 8,727,928	$ 10,816,339

Note Q - Bonds Payable

1. 1989 Series: On March 28, 1989, CoLT, through the County of Pendleton, Kentucky, issued $200,000,000 of Money Market Municipal Multi-County Lease Revenue Bonds (the 1989 Bonds) as described in Note A. In May 1993, $95,000,000 of the 1989 Bonds were permanently retired by CoLT. Substantially all assets of the 1989 Trust Estate are pledged to secure repayment of the 1989 Bonds. During 2014, $102,591,999 of the 1989 bonds were permanently retired. Following the retirement, the Fifth Supplemental Trust Indenture was entered into which converted the remaining bonds to Established Fixed Rate Bonds. Chase purchased the Established Fixed Rate bonds. During 2016 and 2015, $623,743 and $710,506 of the bonds were permanently retired, respectively. As of June 30, 2016, $1,073,752 of bonds are outstanding with maturities and interest rates as follows:

Year Ending June 30,	Interest Rate	Amount
2017	2.30%	$ 620,330
2018	2.75%	306,907
2019	3.20%	146,515
		$ 1,073,752

The average interest rates for the years ended June 30, 2016 and 2015 were 1.39% and 1.46%, respectively.

Note Q - Bonds Payable (Continued)

2. 1993 Series: On March 10, 1993, CoLT, through the County of Pendleton, Kentucky, issued $100,000,000 of Multi-County Lease Revenue Bonds ("the 1993 Bonds"), as previously discussed, in two series as follows:

Amount	Interest Rate	Description
$ 90,000,000	6.5%	1993 Series A Bonds - redeemed July 2005
$ 10,000,000	6.4%	1993 Series B Bonds - due March 1, 2019

The 1993 Trust Estate, as defined in the trust indenture, has been pledged to secure repayment of the 1993 Bonds.

The Series A Bonds were redeemed at par value in July 2005.

The Series B Bonds are subject to mandatory redemption under either of the following circumstances:

- On each March 1, in an amount equal to the aggregate principal component of leases due since the prior March 1.
- Termination of a letter of credit consistent with that noted above for the Series A bonds.

3. 1999 Series: On December 14, 1999, CoLT, through the County of Breckinridge, Kentucky, issued $50,000,000 of Bonds. The bonds were initially offered as Weekly Rate Bonds. Weekly Rate Bonds can be converted to Adjustable Rate Bonds or Fixed Rate Bonds. CoLT has the ability to redeem Weekly Rate Bonds on any business day, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015, $249,000 and $237,000, respectively, of the 1999 Bonds were permanently retired by CoLT. Substantially all assets of the 1999 Trust Estate are pledged to secure repayment of the 1999 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.94% and 0.87%, respectively.

4. 2001 Series: On February 8, 2001, CoLT, through the County of Breckinridge, Kentucky, issued $50,000,000 of Bonds. The bonds were initially offered as Weekly Rate Bonds. Weekly Rate Bonds can be converted to Adjustable Rate Bonds or Fixed Rate Bonds. CoLT has the ability to redeem Weekly Rate Bonds on any business day, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015, $1,090,387 and $1,039,764, respectively, of the 2001 Bonds were permanently retired by CoLT. Substantially all assets of the 2001 Trust Estate are pledged to secure repayment of the 2001 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.98% and 0.91%, respectively.

Note Q - Bonds Payable (Continued)

5. 2002 Series: On January 1, 2002, CoLT, through the County of Breckinridge, Kentucky, issued $100,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015, $1,360,881 and $4,510,886, respectively, of the 2002 Bonds were permanently retired by CoLT. Substantially all assets of the 2002 Trust Estate are pledged to secure repayment of the 2002 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.97% and 1.03%, respectively.

6. 2004 Series: On September 1, 2004, CoLT, through the County of Shelby, Kentucky, issued $100,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the fiscal years ended June 30, 2016 and 2015, $2,005,543 and $3,468,763, respectively, of the 2004 Bonds were permanently retired by CoLT. Substantially all assets of the 2004 Trust Estate are pledged to secure repayment of the 2004 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.96% and 0.89%, respectively.

7. 2007 Series: On April 1, 2007, CoLT, through the County of Christian, Kentucky, issued $50,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the fiscal years ended June 30, 2016 and 2015, $1,503,340 and $4,158,913, respectively, of the 2007 Bonds were permanently retired by CoLT. Substantially all assets of the 2007 Trust Estate are pledged to secure repayment of the 2007 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.85% and 0.75%, respectively.

8. 2007B Series: On August 1, 2007, CoLT, through the County of Christian, Kentucky, issued $70,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015, $1,353,165 and $1,273,134, respectively, of the 2007B Bonds were permanently retired by CoLT. Substantially all assets of the 2007B Trust Estate are pledged to secure repayment of the 2007B Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.85% and 0.77%, respectively.

Note Q - Bonds Payable (Continued)

9. 2008 Series: On June 1, 2008, CoLT, through the County of Christian, Kentucky, issued $30,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015, $3,882,631 and $1,218,410, respectively, of the 2008 Bonds were permanently retired by CoLT. Substantially all assets of the 2008 Trust Estate are pledged to secure repayment of the 2008 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.91% and 0.90%, respectively.

10. 2008 A2 Series: On December 1, 2008, CoLT, through the County of Trimble, Kentucky, issued $75,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any June 1 or December 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During 2014, CoLT exercised its option to convert the outstanding bonds to Adjustable Rate Bonds. Upon conversion, US Bank purchased the Adjustable Rate Bonds. During the years ended June 30, 2016 and 2015 $2,178,853 and $2,147,589, respectively, of the 2008 A2 Bonds were permanently retired by CoLT. Substantially all assets of the 2008 A2 Trust Estate are pledged to secure repayment of the 2008 A2 Bonds. The average interest rates for the years ended June 30, 2016 and 2015 were 0.82% and 0.75%, respectively.

Note R - Fair Value of Financial Instruments

The FASB issued a standard under the ASC which defines fair value and provides a framework for measuring fair value, and expands disclosures required for fair value measurements. The ASC also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority, are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting CoLT's own assumptions.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments. The following is a description of the valuation methodologies used for assets measured at fair value:

Note R - Fair Value of Financial Instruments (Continued)

Short-Term and Variable Rate Financial Instruments - Many of CoLT's financial instruments have short-term maturities or have interest rates which vary in the short-term. These include cash investments (except for fixed rate investment contracts), accrued interest receivable and payable, accrued expenses, and the Bonds. The fair values of such instruments approximate the respective carrying values. The fair value of the Bonds, together with the related swap contracts and leases, approximate the carrying value of these financial instruments.

Fixed Rate Investment Contracts and Related Financing - These arrangements included in Note E were negotiated and entered into in connection with specific financing transactions. Due to the uniqueness of these arrangements, the lack of transferability and the fact that the principal amount invested, in most cases, fluctuates over the term of the agreement, no market values are available. However, in management's opinion, the credit risk related to these agreements has not changed. Furthermore, the stated interest rates, terms and principal amounts on the financing obligations and related investment agreements have generally been correlated in such a way that changes in market interest rates should not have a material net impact on values.

Other Investments - The investments and instruments discussed in Note O are recorded at fair value based on quoted market prices or values provided by brokerage firms based upon cash flow models.

The following table summarizes CoLT's assets and liabilities measured at fair value as of June 30, 2016:

	Level 1	Level 2	Total
Cash Equivalents/Money Market	$ 2,200,593	$ -	$ 2,200,593
Fixed Rate Investment Contracts	-	10,185,599	10,185,599
Other Investments	3,859,271	4,868,657	8,727,928
	$ 6,059,864	$ 15,054,256	$ 21,114,120

Liabilities

	Level 1	Level 2	Total
Interest Rate Exchanges	$ -	$ 21,276,659	$ 21,276,659

Note R - Fair Value of Financial Instruments (Continued)

The following table summarizes CoLT's assets and liabilities measured at fair value as of June 30, 2015:

	Level 1	Level 2	Total
Cash Equivalents/Money Market	$ 3,811,866	$ -	$ 3,811,866
Fixed Rate Investment Contracts	-	10,128,179	10,128,179
Other Investments	6,220,604	4,595,735	10,816,339
	$ 10,032,470	$ 14,723,914	$ 24,756,384

Liabilities	Level 1	Level 2	Total
Interest Rate Exchanges	$ -	$ 16,932,634	$ 16,932,634

Note S - Tax Status

The trust agreements state that all funds held are considered to be property of the public agencies participating in the Trusts. The Trusts intend to be instruments of the participating public agencies and only execute essential government functions. The income of the Trusts accrues to the benefit of the participating public agencies. As such, the income of CoLT is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements related to the Trusts.

Further, under a "Special Section" of the Tax Reform Act of 1986, including technical corrections, CoLT and 12 other similar entities are allowed to retain investment income in excess of tax-exempt interest expense (known as "arbitrage") under certain circumstances, as provided in title trust documents, for use at CoLT's discretion (the Credit Facility Agreement limits such use to circumstances under which "Parity" exists). This Special Section relates to the 1989 Trust Estate only. The other CoLT Bonds are exempt from this Special Section.

The 1999, 2001, 2002, 2004, 2007, 2007B, 2008 and 2008 A2 Bonds are subject to the arbitrage rebate regulations included in the Internal Revenue Code. These regulations require arbitrage earnings be rebated to the United States to prevent a bond issuance from being classified as arbitrage bonds. The regulations include certain exceptions to the rebate payments. There are no accrued arbitrage rebates recorded at June 30, 2016 and 2015.

The Subsidiary, for federal income tax purposes, is classified as an insurance company, other than a life insurance company, as described under Internal Revenue Code Section 831. The Subsidiary also qualifies under Code Section 834 for an alternative income tax calculation available to certain electing small insurance companies which have net premium income not exceeding $1,200,000. Under this election, the Subsidiary is taxed only on its net investment income. The Subsidiary is exempt from Kentucky corporate income taxes. Total income tax expense for the years ended June 30, 2016 and 2015 was $109,024 and $55,536, respectively. The Subsidiary's deferred tax liability of $72,000 as of June 30, 2016 results from unrealized gains on investments.

Note S - Tax Status (Continued)

The FASB issued standards, contained in the ASC, clarifying the accounting for uncertainty in income taxes recognized in annual financial statements. These standards require recognition and measurement of uncertain income tax position using a "more-likely-than-not" approach. The standards also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. CoLT determined that no material adjustment for tax exposures or unrecognized tax benefits was required under the recognition and measurement and disclosure guidance of the standard as of June 30, 2016 and 2015.

Note T - Concentrations

At June 30, 2016, there are leases receivable outstanding of approximately $49,405,000 from two counties which represents approximately 37% of leases receivable. At June 30, 2015, there are leases receivable outstanding of approximately $51,830,000 from two counties which represents approximately 36% of leases receivable.

Note U - Related-Party Transactions

As discussed in Note A, CoLT and the Trusts are sponsored by KACo. From time to time in the ordinary course of business, CoLT enters into transactions with KACo affiliates. Members of CoLT's Board are also members of this organization.

For each of the years ended June 30, 2016 and 2015, CoLT paid $2,000 to KACo for licensing fees.

As noted in Note B2, KACo collects management fees from CoLT for providing services necessary for the orderly and proper administration of CoLT. For the years ended June 30, 2016 and 2015, CoLT paid $637,580 and $628,700, respectively, to KACo for management fees.

In the fiscal years ended June 30, 2016 and 2015, CoLT entered into agreements with KACo (see Note B, Administrative Services), in which CoLT pays a quarterly fee to cover all program administration costs paid by KACo. Cash paid to KACo was $1,003,933 and $1,049,361 for the fiscal years ended June 30, 2016 and 2015, respectively. The related expense was $1,012,190 and $1,037,751 for the years ended June 30, 2016 and 2015, respectively. Under the agreement, differences between amounts incurred by CoLT and paid by KACo and the quarterly fee will be "trued up" after year end. As of June 30, 2016 and 2015, CoLT has recorded a receivable of $101,063 and $109,320, respectively, related to the "true-up".

During the fiscal year ended June 30, 2009, CoLT loaned $12,000,000 to KACo from the 2008 trust estate to construct a new building. As of June 30, 2016 and 2015, CoLT has $2,608,433 and $4,739,794, respectively, recorded as a lease receivable from KACo. Accrued interest rebates due to KACo of $77,734 and $121,864 as of June 30, 2016 and 2015, respectively, are recorded in other accrued expenses on the consolidated statements of financial position.

As of June 30, 2016 and 2015, CoLT owns a KACO Finance Corporation revenue bond for $500,000 which was purchased with funds held in the Program Administration Fund (see Note A). The investment is included in other investments in the accompanying consolidated financial statements.

As of June 30, 2016 and 2015, the Subsidiary is in compliance with its minimum capital and surplus requirements, as set forth by the applicable insurance regulatory authorities. The minimum capital and surplus required to be maintained is $250,000.

The maximum amount of dividends that may be paid by insurance companies without prior approval of regulators is subject to restrictions relating to statutory surplus and net income. The Subsidiary did not declare dividends in 2016 and 2015.

Supplementary Information

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidating Statement of Financial Position
June 30, 2016

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-Wealth Ins.	Eliminations	Total
Assets														
Cash and cash equivalents	$ 1,696,185	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,124,783	$ -	$ 2,820,968
Trust estate investments														
Cash and cash equivalents	-	160,937	-	-	-	-	-	-	-	-	-	-	-	160,937
Investment contracts	-	-	10,185,599	-	-	-	-	-	-	-	-	-	-	10,185,599
U.S. government money market funds	-	8,631	7,228	14,792	19,660	85,350	297,140	46,055	119,052	202,925	97,197	-	-	898,030
Program escrow fund	-	-	-	(44,583)	8,413	51,417	208,687	47,166	38,341	29,981	802,204	-	-	1,141,626
Leases receivable	-	1,059,374	-	2,918,000	5,251,038	7,521,436	22,711,352	19,505,071	29,754,704	9,902,717	33,769,193	-	-	132,392,885
Leases receivable - unrealized appreciation in fair value	-	-	-	585,744	1,095,688	556,981	3,834,797	3,348,928	5,918,850	1,750,387	4,185,284	-	-	21,276,659
Other receivables	99,591	-	-	-	-	-	-	-	-	-	-	-	-	99,591
Intercompany receivables	-	-	-	-	-	-	-	-	3,658	-	-	-	(3,658)	-
Due from affiliate	451,185	-	-	-	-	-	-	-	-	-	-	21,393	(371,515)	101,063
Notes receivable, net	2,157,155	-	-	-	-	-	-	-	-	-	-	-	-	2,157,155
Other investments	4,525,054	-	-	-	-	-	-	-	-	-	-	5,702,874	(1,500,000)	8,727,928
Accrued interest receivable	-	-	53,000	-	-	-	-	-	-	-	-	15,900	-	68,900
Other assets	-	6,111	11,250	-	-	-	-	-	-	-	-	14,892	(6,111)	26,142
Costs of debt issuance, net	-	-	20,819	49,338	71,489	69,574	116,021	59,900	64,692	101,476	81,381	-	-	634,690
Total Assets	$ 8,929,170	$ 1,235,053	$ 10,277,896	$ 3,523,291	$ 6,446,288	$ 8,284,758	$ 27,167,997	$ 23,007,120	$ 35,899,297	$ 11,987,486	$ 38,935,259	$ 6,879,842	$ (1,881,284)	$ 180,692,173
Liabilities and Net Assets														
Liabilities														
Accrued interest payable	$ -	$ 3,000	$ 213,328	$ 3,081	$ 5,406	$ 7,801	$ 23,562	$ 18,275	$ 27,478	$ 10,352	$ 30,592	$ -	$ -	$ 342,875
Interest rate exchanges	-	-	-	585,744	1,095,688	556,981	3,834,797	3,348,928	5,918,850	1,750,387	4,185,284	-	-	21,276,659
Other accrued expenses	19,751	5,367	333,200	1,548	5,922	57,804	178,452	71,359	52,590	88,500	452,342	595,000	(381,284)	1,480,551
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000
Bonds payable	-	1,073,752	10,000,000	2,918,000	5,258,109	7,584,227	22,905,620	19,513,157	29,765,764	10,062,597	33,835,264	-	-	142,916,490
Total Liabilities	19,751	1,082,119	10,546,528	3,508,373	6,365,125	8,206,813	26,942,431	22,951,719	35,764,682	11,911,836	38,503,482	667,000	(381,284)	166,088,575
Commitments and Contingencies														
Common Stock	-	-	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-
Net Assets, Unrestricted/ Retained Earnings	8,909,419	152,934	(268,632)	14,918	81,163	77,945	225,566	55,401	134,615	75,650	431,777	4,712,842	-	14,603,598
Total Net Assets/ Retained Earnings	8,909,419	152,934	(268,632)	14,918	81,163	77,945	225,566	55,401	134,615	75,650	431,777	6,212,842	(1,500,000)	14,603,598
Total Liabilities and Net Assets	$ 8,929,170	$ 1,235,053	$ 10,277,896	$ 3,523,291	$ 6,446,288	$ 8,284,758	$ 27,167,997	$ 23,007,120	$ 35,899,297	$ 11,987,486	$ 38,935,259	$ 6,879,842	$ (1,881,284)	$ 180,692,173

See independent auditor's report.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidating Statement of Financial Position
June 30, 2015

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Assets														
Cash and cash equivalents	$ 627,426	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 684,176	$ -	$ 1,311,602
Trust estate investments														
Cash and cash equivalents	-	152,482	-	-	-	-	30,810	14,772	-	-	-	-	-	198,064
Investment contracts	-	-	10,128,179	-	-	-	-	-	-	-	-	-	-	10,128,179
U.S. government money market funds	-	4,291	-	16,052	7,996	146,775	286,847	75,597	90,888	1,559,865	77,274	-	-	2,265,585
Program escrow fund	-	-	-	-	36,203	65,148	271,637	98,082	-	127,258	749,889	-	-	1,348,217
Leases receivable	-	1,694,948	-	3,167,000	6,341,880	8,878,395	24,722,640	20,964,977	31,118,979	12,431,542	35,970,391	-	-	145,290,752
Leases receivable - unrealized appreciation in fair value	-	-	-	616,108	1,058,407	531,143	3,158,367	2,818,063	4,390,447	1,200,118	3,159,981	-	-	16,932,634
Other receivables	88,688	-	-	-	-	-	-	-	-	-	-	-	-	88,688
Intercompany receivables	-	-	-	-	-	-	-	-	3,658	-	-	-	(3,658)	-
Due from affiliate	464,247	-	-	-	-	-	-	-	-	-	-	21,598	(376,525)	109,320
Notes receivable, net	1,602,786	-	-	-	-	-	-	-	-	-	-	-	-	1,602,786
Other investments	7,022,591	-	-	-	-	-	-	-	-	-	-	5,293,748	(1,500,000)	10,816,339
Accrued interest receivable	10,284	-	106,737	-	-	-	-	-	-	-	-	18,954	-	135,975
Other assets	-	6,111	8,750	-	-	-	-	-	-	-	-	47,367	(6,111)	56,117
Costs of debt issuance, net	-	-	20,819	73,403	80,324	40,126	110,339	44,213	65,775	116,060	83,631	-	-	634,690
Total Assets	$ 9,816,022	$ 1,857,832	$ 10,264,485	$ 3,872,563	$ 7,524,810	$ 9,661,587	$ 28,580,640	$ 24,015,704	$ 35,669,747	$ 15,434,843	$ 40,041,166	$ 6,065,843	$ (1,886,294)	$ 190,918,948
Liabilities and Net Assets														
Liabilities														
Accrued interest payable	$ -	$ 3,000	$ 213,332	$ 2,409	$ 4,825	$ 6,803	$ 18,946	$ 14,055	$ 20,420	$ 10,626	$ 22,918	$ -	$ -	$ 317,334
Interest rate exchanges	-	-	-	616,108	1,058,407	531,143	3,158,367	2,818,063	4,390,447	1,200,118	3,159,981	-	-	16,932,634
Other accrued expenses	25,702	5,807	333,200	23,439	10,610	133,744	235,308	103,077	77,938	177,974	560,252	575,000	(386,294)	1,875,757
Intercompany payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds payable	-	1,697,495	10,000,000	3,167,000	6,348,496	8,945,108	24,911,163	21,016,497	31,118,929	13,945,228	36,014,117	-	-	157,164,033
Total Liabilities	25,702	1,706,302	10,546,532	3,808,956	7,422,338	9,616,798	28,323,784	23,951,692	35,607,734	15,333,946	39,757,268	575,000	(386,294)	176,289,758
Commitments and Contingencies														
Common Stock	-	-	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-
Net Assets, Unrestricted/ Retained Earnings	9,790,320	151,530	(282,047)	63,607	102,472	44,789	256,856	64,012	62,013	100,897	283,898	3,990,843	-	14,629,190
Total Net Assets/ Retained Earnings	9,790,320	151,530	(282,047)	63,607	102,472	44,789	256,856	64,012	62,013	100,897	283,898	5,490,843	(1,500,000)	14,629,190
Total Liabilities and Net Assets	$ 9,816,022	$ 1,857,832	$ 10,264,485	$ 3,872,563	$ 7,524,810	$ 9,661,587	$ 28,580,640	$ 24,015,704	$ 35,669,747	$ 15,434,843	$ 40,041,166	$ 6,065,843	$ (1,886,294)	$ 190,918,948

See independent auditor's report.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2016

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Elim-inations	Total
Revenues														
Investment income	$ 81,213	$ -	$ 665,910	$ 1	$ 3	$ 3	$ 7	$ 3	$ 6	$ 5	$ 10	$ 143,407	$ -	$ 890,568
Income from leases receivable														
Interest	67,192	23,643	-	178,350	343,171	357,796	1,104,000	938,798	1,488,494	475,859	1,549,516	-	-	6,526,819
Premium income	-	-	-	-	-	-	-	-	-	-	-	950,000	-	950,000
Credit, administrative and fiduciary fees	911,944	-	-	-	-	-	-	-	-	-	-	-	(486,961)	424,983
Miscellaneous income	1,752	-	-	-	-	-	-	-	-	-	-	-	-	1,752
Net realized and unrealized gains (losses) on investments	(168,131)	-	-	-	-	-	-	-	-	-	-	186,695	-	18,564
Total Revenues	893,970	23,643	665,910	178,351	343,174	357,799	1,104,007	938,801	1,488,500	475,864	1,549,526	1,280,102	(486,961)	8,812,686
Expenses														
Interest	-	19,305	639,995	184,746	319,790	225,308	968,944	863,402	1,246,165	362,807	1,174,597	-	-	6,005,059
Amortization of deferred financing costs	-	-	-	24,065	8,835	(29,448)	(5,682)	(15,687)	1,083	14,584	2,250	-	-	-
Administrative and other fees	1,632,034	-	-	8,229	18,710	60,348	95,219	52,796	110,508	26,721	114,430	413,776	(486,961)	2,045,810
Legal fees	138,970	-	-	-	-	-	-	-	-	-	-	-	-	138,970
Trustee fees	3,867	2,934	12,500	10,000	13,417	15,267	20,234	14,133	13,000	11,600	12,899	-	-	129,851
Lease rebates	-	-	-	-	3,731	53,168	56,582	32,768	42,583	85,399	97,471	-	-	371,702
Miscellaneous expense	-	-	-	-	-	-	-	-	2,559	-	-	-	-	2,559
Claims expense	-	-	-	-	-	-	-	-	-	-	-	35,303	-	35,303
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	-	109,024	-	109,024
Total Expenses	1,774,871	22,239	652,495	227,040	364,483	324,643	1,135,297	947,412	1,415,898	501,111	1,401,647	558,103	(486,961)	8,838,278
Changes in Net Assets	(880,901)	1,404	13,415	(48,689)	(21,309)	33,156	(31,290)	(8,611)	72,602	(25,247)	147,879	721,999	-	(25,592)
Net Assets (Deficit) at Beginning of Year	9,790,320	151,530	(282,047)	63,607	102,472	44,789	256,856	64,012	62,013	100,897	283,898	5,490,843	(1,500,000)	14,629,190
Net Assets (Deficit) at End of Year	$ 8,909,419	$ 152,934	$ (268,632)	$ 14,918	$ 81,163	$ 77,945	$ 225,566	$ 55,401	$ 134,615	$ 75,650	$ 431,777	$ 6,212,842	$ (1,500,000)	$ 14,603,598

See independent auditor's report.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Elim-inations	Total
Revenues														
Investment income	$ 147,766	$ 139	$ 670,741	$ 10	$ 12	$ 12	$ 13	$ 6	$ 8	$ 8	$ 72	$ 132,882	$ -	$ 951,669
Income from leases receivable														
Interest	1,887	31,593	-	193,400	371,406	562,936	1,246,309	1,013,230	1,415,424	603,216	1,651,163	-	-	7,090,564
Premium income	-	-	-	-	-	-	-	-	-	-	-	950,000	-	950,000
Credit, administrative and														
fiduciary fees	943,021	-	-	-	-	-	-	-	-	-	-	-	(615,862)	327,159
Miscellaneous income	4,855	-	-	-	-	-	-	-	-	-	-	-	-	4,855
Income from settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net realized and unrealized														
gains (losses) on investments	(37,051)	-	-	-	-	-	-	-	-	-	-	57,477	-	20,426
Total Revenues	1,060,478	31,732	670,741	193,410	371,418	562,948	1,246,322	1,013,236	1,415,432	603,224	1,651,235	1,140,359	(615,862)	9,344,673
Expenses														
Interest	302	30,017	639,998	199,268	373,233	372,316	1,070,104	919,275	1,285,693	396,068	1,226,144	-	-	6,512,418
Amortization of deferred														
financing costs	-	-	-	12,530	25,668	69,103	41,782	32,126	11,254	22,498	17,977	-	-	232,938
Credit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and other fees	1,691,515	-	-	8,923	22,189	75,953	124,664	58,931	115,519	44,540	154,005	407,989	(615,862)	2,088,366
Remarketing fees	-	-	-	-	1,603	1,697	-	-	-	-	-	-	-	3,300
Legal fees	177,362	-	-	-	-	5,000	-	-	-	10,000	8,500	-	-	200,862
Trustee fees	4,889	(32,461)	6,250	10,000	13,483	15,883	19,433	14,500	13,000	11,900	12,463	-	-	89,340
Lease rebates	-	-	-	-	8,186	128,117	108,440	61,950	67,449	190,393	184,969	-	-	749,504
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	3,969	-	-	3,969
Claims expense	-	-	-	-	-	-	-	-	-	-	-	400,293	-	400,293
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	-	55,536	-	55,536
Total Expenses	1,874,068	(2,444)	646,248	230,721	444,362	668,069	1,364,423	1,086,782	1,492,915	675,399	1,608,027	863,818	(615,862)	10,336,526
Changes in Net Assets	(813,590)	34,176	24,493	(37,311)	(72,944)	(105,121)	(118,101)	(73,546)	(77,483)	(72,175)	43,208	276,541	-	(991,853)
Net Assets (Deficit) at														
Beginning of Year	10,000,654	117,354	(306,540)	111,219	433,090	254,057	516,827	137,558	139,496	201,862	301,164	5,214,302	(1,500,000)	15,621,043
Transfers	603,256	-	-	(10,301)	(257,674)	(104,147)	(141,870)	-	-	(28,790)	(60,474)	-	-	-
Net Assets (Deficit) at End of Year	$ 9,790,320	$ 151,530	$ (282,047)	$ 63,607	$ 102,472	$ 44,789	$ 256,856	$ 64,012	$ 62,013	$ 100,897	$ 283,898	$ 5,490,843	$ (1,500,000)	$ 14,629,190

See independent auditor's report.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statement of Cash Flows
Year Ended June 30, 2016

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Cash Flows from Operating Activities														
Changes in Net Assets	$ (880,901)	$ 1,404	$ 13,415	$ (48,689)	$ (21,309)	$ 33,156	$ (31,290)	$ (8,611)	$ 72,602	$ (25,247)	$ 147,879	$ 721,999	$ -	$ (25,592)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:														
Amortization of debt issuance costs	-	-	-	24,065	8,835	(29,448)	(5,682)	(15,687)	1,083	14,584	2,250	-	-	-
Net realized and unrealized gains on other investments	168,131	-	-	-	-	-	-	-	-	-	-	(186,695)	-	(18,564)
Changes in:														
Other receivables	(10,903)	-	-	-	-	-	-	-	-	-	-	-	-	(10,903)
Receivable from affiliate, net	13,062	-	-	-	-	-	-	-	-	-	-	205	(5,010)	8,257
Accrued interest receivable	10,284	-	53,737	-	-	-	-	-	-	-	-	3,054	-	67,075
Other assets	-	-	(2,500)	-	-	-	-	-	-	-	-	32,475	-	29,975
Accrued interest payable	-	-	(4)	672	581	998	4,616	4,220	7,058	(274)	7,674	-	-	25,541
Other accrued expenses	(5,951)	(440)	-	(21,891)	(4,688)	(75,940)	(56,856)	(31,718)	(25,348)	(89,474)	(107,910)	20,000	5,010	(395,206)
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000
Net Cash Provided (Used) by Operating Activities	(706,278)	964	64,648	(45,843)	(16,581)	(71,234)	(89,212)	(51,796)	55,395	(100,411)	49,893	663,038	-	(247,417)
Cash Flows from Investing Activities														
Net proceeds from (purchases of) trust estate investments	-	(12,795)	(64,648)	45,843	16,126	75,156	83,467	95,230	(66,505)	1,454,217	(72,238)	-	-	1,553,853
Lease repayments	-	635,574	-	249,000	1,090,842	1,356,959	2,011,288	1,459,906	1,364,275	2,528,825	2,201,198	-	-	12,897,867
Net proceeds from (purchases of) other investments	2,329,406	-	-	-	-	-	-	-	-	-	-	(222,431)	-	2,106,975
Principal repayments on notes receivable	2,487,375	-	-	-	-	-	-	-	-	-	-	-	-	2,487,375
Issuance of notes receivable	(3,041,744)	-	-	-	-	-	-	-	-	-	-	-	-	(3,041,744)
Net Cash Provided (Used) by Investing Activities	1,775,037	622,779	(64,648)	294,843	1,106,968	1,432,115	2,094,755	1,555,136	1,297,770	3,983,042	2,128,960	(222,431)	-	16,004,326
Cash Flows from Financing Activities														
Payments on bonds	-	(623,743)	-	(249,000)	(1,090,387)	(1,360,881)	(2,005,543)	(1,503,340)	(1,353,165)	(3,882,631)	(2,178,853)	-	-	(14,247,543)
Net Cash Used by Financing Activities	-	(623,743)	-	(249,000)	(1,090,387)	(1,360,881)	(2,005,543)	(1,503,340)	(1,353,165)	(3,882,631)	(2,178,853)	-	-	(14,247,543)
Increase in Cash and Cash Equivalents	1,068,759	-	-	-	-	-	-	-	-	-	-	440,607	-	1,509,366
Cash and Cash Equivalents at Beginning of Year	627,426	-	-	-	-	-	-	-	-	-	-	684,176	-	1,311,602
Cash and Cash Equivalents at End of Year	$ 1,696,185	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,124,783	$ -	$ 2,820,968

See independent auditor's report.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statement of Cash Flows
Year Ended June 30, 2015

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Cash Flows from Operating Activities														
Changes in Net Assets	$ (210,334)	$ 34,176	$ 24,493	$ (47,612)	$ (330,618)	$ (209,268)	$ (259,971)	$ (73,546)	$ (77,483)	$ (100,965)	$ (17,266)	$ 276,541	$ -	$ (991,853)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:														
Amortization of debt issuance costs	-	-	-	12,530	25,668	69,103	41,782	32,126	11,254	22,498	17,977	-	-	232,938
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net realized and unrealized gains on other investments	37,051	-	-	-	-	-	-	-	-	-	-	(57,477)	-	(20,426)
Changes in:														
Other receivables	(24,004)	-	-	-	190,790	-	-	-	-	-	-	-	-	166,786
Intercompany receivable/payable	(1,445,621)	1,445,621	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from affiliate, net	(21,458)	-	-	-	-	-	-	-	-	-	-	-	(6,913)	(28,371)
Accrued interest receivable	4,630	-	245	-	-	-	-	-	-	-	11	(4,810)	-	76
Other assets	-	(6,111)	(8,750)	-	-	-	-	-	-	-	-	(27,578)	6,111	(36,328)
Accrued interest payable	-	-	(1)	(137)	(701)	(3,262)	5,239	(2,729)	(466)	(716)	11,797	-	-	9,024
Other accrued expenses	(2,181)	(1,474,658)	-	21,778	(119)	(11,190)	(15,961)	(6,033)	(8,694)	(33,036)	(22,940)	131,258	802	(1,420,974)
Net Cash Provided (Used) by Operating Activities	(1,661,917)	(972)	15,987	(13,441)	(114,980)	(154,617)	(228,911)	(50,182)	(75,389)	(112,219)	(10,421)	317,934	-	(2,089,128)
Cash Flows from Investing Activities														
Net proceeds from (purchases of) trust estate investments	-	5,171	(15,987)	13,441	114,620	147,779	229,859	2,063,831	89,677	(1,367,254)	11,072	-	-	1,292,209
Lease repayments	-	706,307	-	237,000	1,040,124	4,517,724	3,467,815	2,145,264	1,258,846	2,697,883	2,146,938	-	-	18,217,901
Net proceeds from (purchases of) other investments	2,200,588	-	-	-	-	-	-	-	-	-	-	(1,192,152)	-	1,008,436
Principal repayments on notes receivable	300,737	-	-	-	-	-	-	-	-	-	-	-	-	300,737
Issuance of notes receivable	(1,669,898)	-	-	-	-	-	-	-	-	-	-	-	-	(1,669,898)
Net Cash Provided (Used) by Investing Activities	831,427	711,478	(15,987)	250,441	1,154,744	4,665,503	3,697,674	4,209,095	1,348,523	1,330,629	2,158,010	(1,192,152)	-	19,149,385
Cash Flows from Financing Activities														
Payments on bonds	-	(710,506)	-	(237,000)	(1,039,764)	(4,510,886)	(3,468,763)	(4,158,913)	(1,273,134)	(1,218,410)	(2,147,589)	-	-	(18,764,965)
Net Cash Used by Financing Activities	-	(710,506)	-	(237,000)	(1,039,764)	(4,510,886)	(3,468,763)	(4,158,913)	(1,273,134)	(1,218,410)	(2,147,589)	-	-	(18,764,965)
Decrease in Cash and Cash Equivalents	(830,490)	-	-	-	-	-	-	-	-	-	-	(874,218)	-	(1,704,708)
Cash and Cash Equivalents at Beginning of Year	1,457,916	-	-	-	-	-	-	-	-	-	-	1,558,394	-	3,016,310
Cash and Cash Equivalents at End of Year	$ 627,426	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 684,176	$ -	$ 1,311,602

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